THE SECOND DAY.

19th February 1918.

The Assembly met at 11-30 A. M. on Tuesday, the 19th Feburary 1918.

The Acting Chief Secretary to Government announced that His Highness the Maha Raja has been pleased to approve of the election of Mr. R. Gopala Pillai, B. A , B. L., Member of the Trivandrum Division, to the vacant seat in the Legislative Council and that he will be duly appointed as a Member of the Legislative Council.

The consideration of the subjects, as per the list distributed to the Members on the previous day, was begun.

I.—FINANCE.

1. State Finance and its effective control.

Mr. T. K. Velu Pillai, B. A. & B. L. (Member, Trivandrum Taluk) prefaced his remarks with a reference to the celebration of the *Shashtyabdapurthi* of His Highness the Maha Raja and requested the Dewan to convey to His Highness the Maha Raja the sentiments of loyal and profound gratitude of the people and their humble congratulations on that event of so much importance in the life of a Hindu.

He then alluded to the deadly war in Europe and said that it was a proud privilege of his countrymen to be accorded the opportunity of fighting the battles of the mighty Empire and that the opportunity thus given would be cheerfully availed of by them. He suggested that, in addition to the special facilities afforded to them in the matter of registry of *puduval* lands, suitable pension be also granted to the families of those persons who laid down their life in the service of the King-Emperor and civilization.

It was gratifying that, with all the difficulties caused by the war, the shortage of shipping, the want of safety in the high seas, the drain in money, and the fluctuations in prices, the revenue of the State had been on the increase, as stated in the opening address. But his own impression was that the administration was working at a high pressure and was efficient only in the Governmental sense. For, the volume of coercive action taken during the year under Regulation I of 1068 showed an increase under all heads. Such coercive action should not have been resorted to at a time of economic and commercial depression. The high rates of *thadivila* and *tharavila* and the heavy assessment on *tharisu* lands at one rupee per acre were other factors in making up the revenue. The evil was not confined to land revenue alone, as neither the Separate revenue nor the Forest revenue fared better. The increase from stamps and registration fees revealed a more serious situation. The credit balance shown was, therefore, not a matter for jubilation. He, however, hoped that there would be no enhanced taxation and was anxious more about the post-war conditions than the present. He regretted that the difference between finance and account was not appreciated by Government. Account was good book-keeping which, no doubt, was vital and valuable ; but that was not finance, which consisted of higher kinds of book-keeping where the credit and deficit of the nation, as distinguished from those of Government, were shown in double entries, in which what actually went out from the people was balanced against what actually came back to them. For, the aim of finance was to see that what was taken from the people did come back to them in a "fertilising shower". To the Government, accounts were always of absorbing interest. During the past 15 years, three experts had audited the accounts and, no doubt, with benefit to the State. But it was not enough if accounts alone were audited from time to time,

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but the larger question of finance had to be examined. In his opinion, the present financial system was not economic, because it did not produce the maximum of income with the least possible waste, nor was it equitable, because there was no standard of adjustment of burden to capacity to bear.

The Member then took up the Land Revenue Department and explained how the present system of disposal of land and levy of assessment worked hardship on the people. Dealing with salt, he submitted that, in all civilized countries, salt-tax was made light, but it was high here.

Dewan.—So far as imported salt is concerned, the control is with the British Government. If we can manufacture locally the maximum quantity required for consumption, our position will be much better.

Member.—My complaint is that we do not go sufficiently forward. Prudential considerations of gain to Government must not be the sole criterion. Effort should be made to alleviate the distress of the people.

The Member, continuing, said that the financial policy of the State, retarded, instead of promoting, the development of the State. He objected to the system which, while exempting rubber plantations from assessment for five years, *i. e.*, till they began to pay, insisted on payment of tax by agriculturists as soon as the *puduval* lands were registered in their names, whether they were brought under cultivation or not. The proper course would be to levy income-tax with a view to equalise the burden on the people. Under the existing system, rich lawyers and merchants were exempt from taxation. Again, the imposition of tolls was another ruinous step. No doubt, Government had done several good things. Still, much had not been done to alleviate the distress of the people. There was no information available as to how much loan was given for starting industries or for agricultural purposes. The co-operative movement with its potentialities for good had not been made the channel for as much benefit to the people as was expected.

His view was that the fundamental conception relating to those matters was not being properly appreciated. Finance implied expenditure first and income next. Expenditure was to be taken in a large sense. As far as possible, there should be no uncontrolled one man's responsibility in matters of finance. The defect was due to the faulty system. The tendency of the age was for joint responsibility in all matters, the fundamental idea being no taxation without representation. The next point was that there was great need for economy in expenditure. For the past several years, many Members had been representing at the Assembly that the number of officers was far too large. The number should, on no account, be increased. From 1080 to 1089, the increase in 'salaries' was 110 per cent, that under 'establishment' 35 per cent, that under "allowance" 200 per cent, while under "supplies" the increase was 200 per cent. The method of giving personal allowances to officers was obnoxious in principle. Whenever such personal allowances were given, the reasons must be published in the Gazette. Another equally objectionable practice was the manner in which pensions were sanctioned in disregard of the provisions of the Service Regulations.

The Member then proceeded to speak of the proposed University for Travancore.

Dewan.—I would advise you to reserve your remarks on the University to a later stage. A thoroughly representative Committee has been appointed to go into the whole question. Any remarks you may have to offer with regard to the University will do good if made after the Committee's recommendations are received. But if you prefer, you may forward your opinion to the Committee.

Member.—I accept your suggestion, Sir, but, I do not wish to send my opinion to the Committee unsolicited. All that I wanted to say was that a University will involve heavy expenditure of money.

Dewan.—Government are fully aware of this fact and it will be kept in view when the Committee's report is considered. As soon as the Committee submit their report, the Government are not going to forthwith establish a University. The

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public will be given ample opportunities to state their views. What I just told you is meant not only for you but also for the other Members of this Assembly who may have their remarks to offer on the subject.

The Member next spoke about the work of the Special Officer, Industrial Survey. That Officer was, no doubt, enthusiastic but his methods of work were not right. His papers published in the Gazette were not of great use. What was required was to collect statistics regarding industries.

The standing complaint of the people had been that the staff in the Public Works Department far exceeded the real necessity. The Member then dwelt upon the want of proportion in the distribution of the P. W. D. allotment and explained his statement by reading certain items from the list of public works. He also advocated the need for introducing a better system of working such institutions as the School of Arts.

Finally, the Member summarised his suggestions thus:—

(1) Establishment of a Retrenchment Committee whose duty should be to diminish the cost of administration and institute a system of recruitment and promotion in the public service.

(2) The appointment of a Rules Committee for the interpretation of the Travancore Service Regulations.

(3) The discussion of the State Budget in the Legislative Council and the Popular Assembly before finally passing it.

(4) The imposition of income-tax.

(5) Levy of super-taxes on those who had been, for historical reasons, unfairly exempted, such as the Swaroopams and Edavagays.

(6) Appointment of a Committee to consider the question of incidence of taxation.

In conclusion, the Member submitted that, though the subject of finance had been dealt with by several Members at successive sessions of the Assembly, not one G. O. had so far been issued on that important question. That was highly to be regretted. He prayed that greater attention might be paid to it.

Dewan's reply.—Noted.

2. State Finance.

Mr. P. Padmanabhan Tampi (Member, Kalkulam Taluk) made a few remarks on administration in general and proceeded to discuss the unproportionate increase of expenditure as compared with income. He then made a few observations on the finances of the State for the years 1090–1092. In considering the economic condition of the people, the Member regretted that there were no data available to gauge the material condition of His Highness' subjects. The average cultivated area per head of population was only ·59 acre. 66 per cent of the population was concerned with agriculture which afforded means of subsistence to the remaining 34 per cent. The average *pattom* per acre of wet and garden lands throughout the State, *viz.*, 17½ *paras* of paddy and 1¼ Rs. respectively, also showed that the productive capacity of arable lands was of a low order. The seasonal statements published in the Administration Reports for the last 25 years would clearly convince any one that, by the variations of the rainfall, the people had to suffer considerably either because there was too much of rain or too little of it. Though the object of the Government was not to enhance the revenue, yet, by the completion of the revenue settlement, the land tax had risen from 16½ lakhs to 36½ lakhs of rupees per year. The Member urged that there should be a permanency in the settlement of land revenue. The growth of Excise revenue was really alarming, for the consumption of country and foreign liquors, opium and ganja was increasing abnormally. It was the prime duty of Government to check the ever-increasing consumption of alcoholic spirits, opium and ganja among the people. The habit of smoking was widely spreading among the school-going population. The growing evil should be checked. It was also highly desirable to make the

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